

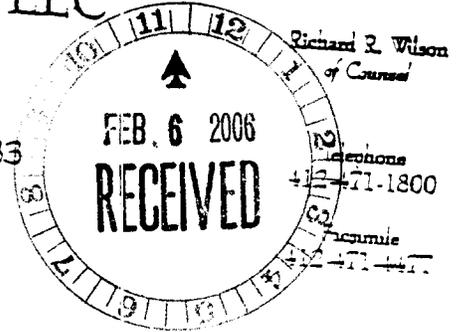
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January 26, 2006

Re: Railroad Ventures, Inc ; STB Docket No. AB-556 (Sub-No. 2X);
Our File 4431

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
Mercury Bldg., #711
1925 K Street, N.W.
Washington, D.C. 20423-0001

215750

ENTERED
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Dear Secretary Williams:

On January 19, 2006, RVI filed a response to the CCPA/CCPR claim for reimbursement in the amount of \$149,872. In that submission, RVI provided a Verified Statement from Mr. George D. Wehner, ASA which addressed, *inter alia*, certain aspects of ORDC grant funding policies at Page 10 et seq. At Exhibit C, to Mr. Wehner's verified statements he provided two ORDC project briefing documents related to ORDC funding of the subject rail line. On January 12, 2006, at the regular bi-monthly meeting of the Ohio Rail Development Commission, the ORDC passed resolution 06-01 which provides for an extension of loan payments from the current operator, Ohio Central Railroad, pending an Ohio Central application for refinancing through a RRIF loan. A copy of the January 12, 2006 minutes of the ORDC are enclosed herewith and RVI respectfully asks that the Board permit it to supplement its response of January 19, 2006 by the inclusion of this document as part of Exhibit B to Mr. Wehner's verified statement.

Very truly yours,

VUONO & GRAY, LLC

Richard R. Wilson, Esq.

RRW/bab

cc: All parties of record

FEB - 6 2006

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**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BIMONTHLY MEETING
JANUARY 12, 2006**

215750



CALL TO ORDER AND ROLL CALL

Chairman James E. Betts called the meeting of the Ohio Rail Development Commission (ORDC) to order at 10:10 a.m. on January 12, 2005. The meeting was held on the 31st floor of the Vern Riffe Center in Columbus. Commissioners in attendance were as follows: Chairman James Betts, Larry Sowers, Herk Wolfe, Dan Roberts, Tom McOwen, James Hartung, Chris Chung (for ODOT Director Bruce Johnson), Daniel Roberts, Senator Larry Mumper, Senator Robert Hagan and new Commissioner Barbara Hammontree Bennett. Eight voting members were present; two non-voting members were present.

Members absent included Representative Stephen Buehrer, Representative Allan Sayre, Solomon Jackson and Howard Wood (for ODOT Director Gordon Proctor).

APPROVAL OF THE MINUTES OF THE MAY MEETING

Chairman Betts asked for a motion to approve the Minutes of the November 10, 2005 Commission meeting. Commissioner Hartung moved to approve the Minutes and Commissioner Sowers seconded the motion. The Minutes were approved as presented.

EXECUTIVE DIRECTOR'S REPORT

Executive Director James Seney stated all Commissioners were given a written Director's Report along with Section Reports and a new schedule of the commission meeting dates. He asked if anyone had any questions. Chairman Betts noted that the commission meeting dates vary in some instances from the standard second Thursday format.

FINANCE REPORT

Secretary-Treasurer Matthew Dietrich presented his Finance Report to the Commissioners. Mr. Dietrich stated if all projects are approved at the meeting, a GRF appropriation of \$524,542 would be available for grants and that there would be a loan balance of \$1.3 million available without need for State Controlling Broad approval. The loan fund has a cash balance of \$3.2 million.

Mr. Dietrich stated he received a letter from the Mayor of Marion to cancel the \$600,000 loan request for the dual rail Industrial Park connector as a result of a change in the business plans of Dofasco. The money is now available for new projects.

PROJECTS

Resolution 06-01; Columbiana County Port Authority Rail Line Rehabilitation Project

Matt Dietrich noted that staff was requesting a revision in the loan terms for the Columbiana County Port Authority's \$2.1 million loan with the Commission for the rehabilitation of the former Youngstown and Southern rail line. Originally the term of the loan was 0% with deferral of principle and interest in year one, 0% in year two, 1% in years three and four and 2.5% in years five and six. The initial structure of this loan was to allow the operator time to begin traffic

before ORDC started payments. Mr. Dietrich stated that despite weather washouts and flooding, lawsuits, STB hearings and the bankruptcy of the original operator, the railroad is up and running and moving freight. He stated that the railroad has approached the ORDC and asked for an additional deferral of the loan payments and Ohio Central is exploring long term financing options. He noted that staff would like to give them time to explore all of those options. Tracy Drake, Executive Director of the Columbiana County Port Authority, was present for any questions. Mr. Drake reiterated that the port authority was requesting an extension of the loan payments; he said the line is up and running thanks to the Ohio Central Railroad. Bill Strawn, President of the Ohio Central Railroad System, was present and thanked the Ohio Rail Commission for preserving rail infra-structure in northeast Ohio. He stated the Ohio Central invested \$4 million in the rail line and is looking into RRIF opportunities to help pay back a portion of the outstanding ORDC loan.

Chairman Betts asked what the timetable would be for procuring the RRIF loan. Mr. Strawn stated it was 5 to 6 months. Chairman Betts asked what the status was of the acquisition of the railroad. Mr. Strawn stated the Ohio Central signed an agreement and has the option to purchase the line from the Columbiana County Port Authority in March of 2006. Senator Hagan asked what the purchase price would be. Tracy Drake stated the purchase price is \$1,676,000, of which \$450,000 would go back into bankruptcy proceedings.

Commissioner Barbara Hammontree Bennett asked what the potential was for the RRIF loan not being approved. Mr. Strawn stated to date, he had not heard of any RRIF loans that were properly submitted not being approved. Chairman Betts asked for a motion to approve Resolution 06-01. Commissioner Hartung moved to approve the resolution and Commissioner Wolfe seconded. Roll call was taken with eight votes in the affirmative; two absent. Resolution 06-01 was adopted.

Resolution 06-02; Marion Industrial Center (MIC) Intermodal/Bulk Transload Project

Lou Jannazo, ORDC Chief of Project Development, stated the Marion Industrial Complex and their new intermodal opportunities is similar to a mini Rickenbacker facility with a mile and a half long building under roof and 300 acres that are shovel ready for development. He reported that Ted Graham with the Marion Industrial Complex is working hard with Schneider Trucking to make the rail center into an intermodal center and that staff proposed a \$650,000 loan and a \$100,000 grant to go toward rail improvements or the purchase of loading and unloading equipment. Staff asked that Commissioners allow the Director to finalize the terms of the loan and determine the appropriate collateral.

Dave Claborn of Marion Can Do! thanked the Commission for its assistance and stated that this project would upgrade the existing 90 pound rail to allow CSX road engines to serve the facility.

Ted Graham of the Marion Industrial Center stated when an operation like this gets going other businesses will be spawned because of the availability of new transportation options. Commissioner Chris Chung asked how they intended to market the facility. Mr. Graham stated marketing will be done by Schneider Trucking.

Senator Mumper indicated everyone has been working on this project for several years to correct transportation issues in Marion. Chairman Betts asked for a motion to approve Resolution 06-02. Commissioner Wolfe moved to approve the resolution and Commissioner Hartung seconded. Roll call was taken with eight votes in the affirmative; two absent. Resolution 06-02 was adopted.

Resolution 06-03; Harrison Ethanol On Site/Off Site Rail Project

Lou Jannazo distributed an updated briefing, resolution and cost estimate from the Ohio Central Railroad to the Commissioners. Mr. Jannazo outlined the project. He stated the mileposts on the project for improvement to the Panhandle will lengthen from the previously indicated 5.5 to 11.5 to 5.5 to 12.7. He noted that Harrison Ethanol has won awards from the United States Dept. of Agriculture for its innovative approach to ethanol production along with agricultural product and electricity and that they have all of their permits to install and build their facility, with groundbreaking expected as early as March. Mr. Jannazo stated that the company will take care of the \$1.3 million on-site rail needs, the off-site rail needs will be \$1 million, i.e. the reopening of 7.2 miles of the Panhandle Georgetown branch. He noted that the Georgetown branch has been out of service since the State partnered with Ohio Central to acquire the line back in 1992. Staff proposed that ORDC loan Harrison Ethanol \$500,000 and grant the company \$200,000 with the remaining \$300,000 coming from the Ohio Central and Harrison Ethanol to cover the costs of repairing the 7.2 miles. He stated that staff was recommending that ORDC forgo the usual collateral request and take into account the company is investing \$800,000 in a state asset rail line.

Present at the meeting for Farmers' Ethanol LLC was Wendel E. Dreve, Managing Member and Chief Executive Officer, and Dr. Marion C. Gilliland, Pd.D., Managing Member and Chief Communications Officer. Bill Strawn was present from the Ohio Central. Mr. Dreve stated the one thing that separates their facility from other ethanol facilities is they are about renewable energy. He stated that when they chose Ohio for their site they faced an economic disadvantage and that the only way to make their project work was to combine animal agriculture with ethanol production. He noted they chose Harrison County for the 4500 acre perimeter with no neighbors. Bill Strawn stated this is a line that has been out of service for 25 years and that the ORDC's work is important to help preserve rail infrastructure in the State of Ohio.

Senator Mumper commented he is excited about this project. Chairman Betts asked for a motion to approve Resolution 06-03. Commissioner Sowers moved to approve the resolution and Commissioner Hartung seconded. Roll call was taken with eight votes in the affirmative; two absent. Resolution 06-03 was adopted.

Approved Project Briefing: CSX Transportation's Painesville to Grand River Line

Lou Jannazo stated that last year the Commission approved a \$25,000 grant to the Ohio Central Railroad to lease a CSX line that had been abandoned. But unfortunately, there has been no use on the line. He stated that Ohio Central is still willing to continue marketing to potential shippers on the line who are still willing to pay lease costs. He noted that the total cost this year should be \$76,000; of which \$25,000 would come from the ORDC with the shipping interest

paying \$42,000 and the railroad paying \$8,000. Mr. Jannazo stated that the difference between this year and last year is that there is support from the Village of Grand River which will seek tax forgiveness on the line and that a freight ferry across Lake Erie is a possible future plan that would be located in the Grand River beside the line. Bill Strawn was present from the Ohio Central for questions.

Chairman Betts thanked both Senator Hagan and Senator Mumper for their presence; he appreciated their taking time out of their busy schedules to attend the ORDC meeting.

OLD BUSINESS

None.

NEW BUSINESS

None.

PUBLIC COMMENT

Carl Gelfer stated he had been walking up the American Electric Power path near Cooke Road when he noticed the signals were on in both directions, but he did not see a train and called in a report to the CSX Emergency number to let them know the lights were on. After a discussion with them and confusion as to where Columbus Ohio was, he found out the signal department was located in Jacksonville, Florida. He then wrote a letter to the CSX Railroad asking them to give the Florida signal people Ohio maps.

Richard Delatore from Ohi-Rail stated he wanted to publicly thank the Commissioners along with Matt Deitrich, Lou Jannazo, and Alan Klodell for helping reinstate rail service to the Apex Landfill. He noted Apex will provide a lot of jobs.

Mr. Standish Fortin of Cincinnati, Ohio stated he was an avid supporter of the Ohio Hub plan. His question to the ORDC is what the plan is to support integration of intra-city rail into the State. James Seney, Executive Director of the ORDC, stated it starts at the local level. The meetings ORDC has had with the MPOs and planning organizations have been to develop any potential integration into scheduling and set them up for the environmental phase. Not all communities have light rail plans. What the ORDC is focusing on due to the complexity of difficulty, politics, and funding of intra-city rail is intercity rail. The local light rail plans and bus plans are secondary to our effort. The primary effort is the intercity rail, which involves a lot of national effort. It has to start at this level first.

ADJOURNMENT

Chairman Betts adjourned the meeting at 11:20 a.m.